

ORIGINAL



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ARIZONA CORPORATION COMMISSION

06DR

August 26, 2004

Stanley Miller
Authorized Representative
Lagoon Estates Water Company
2600 N 44th Street #203
Phoenix, AZ 85008

AZ CORP COMMISSION
DOCUMENT CONTROL

2004 AUG 26 A 8:37

RECEIVED

RE: LAGOON ESTATES WATER COMPANY - APPLICATION FOR RATE INCREASE
DOCKET NO. W-01825A-04-0546

LETTER OF DEFICIENCY

Dear Mr. Miller:


This letter (per section R14-2-103.B.7 of the Arizona Administrative Code) is to inform you that your application, received on July 28, 2004, did not meet the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103. Staff has found several deficiencies with your application which are listed on a separate attachment.

You have 15 calendar days, or until September 10, 2004 to correct the deficiencies, or make other arrangements with Staff to remedy your rate application. The 30-day sufficiency determination period will begin anew when the Company corrects the deficiencies and Docket Control receives an original and 16 copies of the corrected pages. If corrections or other arrangements are not made by that date, Staff will request that your docket number be administratively closed. Docket Control will retain one copy of the original application for Commission records. You may file an original and 16 copies of an updated application at a later date. The undersigned has been assigned to your application and can be reached at (602) 542-0743 or toll free at (800) 222-7000, if you have any questions or concerns.

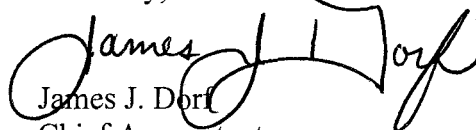
Arizona Corporation Commission

DOCKETED

AUG 26 2004

DOCKETED BY	
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Sincerely,



James J. Dorf
Chief Accountant
Finance and Regulatory Analysis
Utilities Division

CC: Docket Control Center (16 copies)
Vicki Wallace, Consumer Services
Delbert Smith, Engineering

LAGOON ESTATES WATER COMPANY
SUMMARY OF DEFICIENCIES
W-01825A-04-0546

1. Page 9 – No rate is indicated for commodity charges 0 to 1,000 gallons.
2. Page 13 – Original Cost for Plant Account 320 does not agree with the Original Cost on page 14. Correct the incorrect page.
3. Page 16 – For "Other Water Systems", "Booster Pumps" and "Storage Tanks", enter N/A if appropriate.
4. Page 18 – The AMA and GPCD questions were not answered. Please answer them.
5. Page 19 – Test Year Expenses is not mathematically correct. Please state the correct total (\$100,400 is incorrect)
6. Page 23 - Meter Deposit Balance-Test Year of \$10,825.65, an advance in aid of construction, is not shown in Account 252 on the Balance Sheet.
7. Page 23 - Meter Deposit Balance – Test Year has a total of \$10,825.65 while Page 22 Account 235 indicates total deposits of \$20,152. Please indicate if the Meter Deposits noted above are also included with "Customer Security Deposits".
8. Page 29a - The gallons per quarter on page 29a do not agree with amounts on Page 29. They should agree.
9. Page 30 - Indicates there were 3 bills for Over 100,000 but no gallons are indicated. Total for last two columns should be 12 and 236,004.6 (unless revised due to Over 100,000).
10. Page 30b – Is inconsistent with pages 30 and 30a. Page 30b is a duplicate of page 31b. Please provide a corrected page 30b. Page 31 and 31b- No amount of gallons noted for OVER 100,000.
11. Page 31 and 31b – Actual gallons sold are not listed as required for bills over 100,000 gallons on pages 31 and 31b.
12. Page 31 - A line for "Total Bills" should be added to the bottom of the schedule.
13. "Customer Notification", first paragraph should indicate an operating income of \$3,535, not \$106,914.
14. Please provide a copy of the Arizona Department of Environmental Quality compliance status for public water system number 08-046.
15. Please provide a water use data sheet for each water system, which should be public water system numbers 08-021 and 08-046. Any non-revenue, metered water (for example, irrigation of a sports field) should be shown and included in the tabulation.
16. No Curtailment Tariff on file. Please include a Curtailment Tariff.